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FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII

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FEB 10 2006
at 1 o'clock and 35 min. P.M.Y.
SUE BEITIA, CLERK

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Attorneys for UNITY HOUSE, INC.,
IN RECEIVERSHIP

IN THE UNITED STATES DISTRICT COURT

DISTRICT OF HAWAII

A. RUTLEDGE, SR., a/k/a/ "TONY") TO RESTRAINING ORDER, OR, IN
 RUTLEDGE, STAR-BEACHBOYS,) THE ALTERNATIVE, FOR AN
 INC.,) ORDER ALLOWING ENTRY OF AN
) INTERLOCUTORY DECREE OF
 Defendants.) FORECLOSURE; DECLARATION
) OF JOHN D. MARSHALL;
) DECLARATION OF COREY Y.S.
) PARK; EXHIBIT "A";
) DECLARATION OF HOWARD
) GLICKSTEIN; EXHIBIT "B";
) CERTIFICATE OF SERVICE
)
) DATE: March 6, 2006
) TIME: 9:45 a.m.
) JUDGE: Hon. David A. Ezra

SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION TO
 REMOVE ITEM NO. 37 ("LAND – PUNALUU") FROM THE LIST OF
 UNITY HOUSE ASSETS SUBJECT TO RESTRAINING ORDER, OR, IN
 THE ALTERNATIVE, FOR AN ORDER ALLOWING ENTRY OF
AN INTERLOCUTORY DECREE OF FORECLOSURE

The parties to the consolidated State Court lawsuits have engaged in successful negotiations to resolve those lawsuits. See Declaration of Corey Y.S. Park and attached Exhibit A, and Declaration of John D. Marshall. Pursuant to the terms agreed to by the parties, Unity House, Inc. will receive the sum of \$9,026, 694, which sum will be adjusted to take into account lease rents paid by the two Associations between December 1, 2005 and the date of closing, less all real property taxes paid by Unity House on the subject properties, both to be prorated as of the day of closing. See Exhibit A attached to the Declaration of Corey Y.S. Park at page 4, paragraph 1. Both the Association Lawsuit (i.e., Civil No. 99-1122-03)

and the Foreclosure Lawsuit (Civil No. 99-2545-07) will be dismissed with prejudice.

The amount agreed to by the parties to resolve these matters is a reasonable and fair resolution. Unity House, Inc. will receive approximately \$5,300,000 over and above the \$3.744 million loaned to the Hanohano entities in 1997. Unity House, Inc. will not have to go through an appeal, in which two of the appellate issues would be the allowance by the State Circuit Court of what the Associations will claim is a double recovery of interest, by allowing approximately \$1.1 million in interest expense paid by Unity House in addition to the substantial interest embodied in the \$10.5 million gross redemption amount, as well as the appellate issue of allowing more than \$600,000 in attorneys' fees in a situation in which the contract of the parties does not provide for attorneys' fees.

Due to these developments, if the Court does not remove the "Land – Punaluu" item entirely from the Restraining Order, Movant respectfully requests as alternative relief that the Court allow the parties to the State Circuit Court lawsuits to resolve those lawsuits on the terms and conditions set forth in Exhibit A to the Declaration of Corey S. Park.

Also, in the original Motion, Movant purported to attach as Exhibit A to the Declaration of Howard Glickstein a copy of the State Circuit Court's February 7, 2005 Findings of Fact and Conclusions of Law in Civil No. 99-2545-07. Through

inadvertence, the wrong document was attached. See Declaration of Howard Glickstein attached hereto. The correct document is attached to the Declaration of Howard Glickstein attached hereto. Movant apologizes to the Court and to the parties for the error.

DATED: Honolulu, Hawaii, February 10, 2006.



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IN RECEIVERSHIP